

DIRECTORATE OF LOCAL FUND AUDIT, ODISHA

TREASURY & ACCOUNTS BHAWAN, 2ND FLOOR

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To

All the District Audit Officers (LFA) &
the Audit Officer(LFA), Bhubaneswar

**Sub:- General Guideline for implementation of Annual Audit Programme
for the year 2023-24.**

Madam/Sir,

In inviting a reference to the subject cited above, I am directed to say that the General Guideline as reflected below may be followed in execution of AAP 2023-24.

1. The Annual Audit Programme 2023-24 will commence from 01.05.2023 and will close on 31.03.2024. All audit assignments should be completed by 31st March 2024 without any spill over.
2. The DAOs/AO should attend the entry conference. In absence of DAO/AO, an authorized Audit personnel (ADAO/Reviewing Officer/Lead Auditor) may attend the Entry Conference. While conducting entry conference, the issues like production of records for both current year and previous year, the reconciliation and compliance submission should be specifically discussed. The local authority should be requested to cause production of records from all the sections of the institution. The Audit Party should also ascertain if all the Cash Books & Pass Books are updated for the financial year under audit and accordingly the audit party may commence the audit or proceed to the next programmed institution. The Minutes of the Entry Conference should be uploaded in ALFA immediately.

3. As soon as the Annual Audit Programme is approved in ALFA, Reviewing Officers should be assigned against each institution. The Additional DAOs & the Audit Superintendent(s) attached to office should be assigned the work of progress review and finalization of Draft Audit Reports. The DAO/AO should conduct progress review of at least 10% of institutions. For the institutions having allotted man days more than 150, the DAO/AO is to conduct the progress review. The progress review note should be uploaded in ALFA within a week.

The progress review of the Auditee Institutions should be conducted for numbers and as per time span stated below: -

Sl No.	Institutions with allotted Man Days	No. of Progress Review(s) to be conducted	Timeline
1	20 to 50	01	After consumption of 50% Man Days and before consumption of 75% of Man days
2	50 to 150	02	1 st Review: - After consumption of 35-40% Man Days and 2 nd Review: - After consumption of 70-75% Man Days
3	150 to 250	03	1 st Review: - After consumption of 35-40% Man Days 2 nd Review: - - After consumption of 65-70% Man Days 3 rd Review: - Before consumption of 85% Man Days
4	More than 250	04	Quarterly basis

The monthly tour programme of Additional DAOs and the Audit Superintendents should be approved by the DAO/AO before commencement of tour for the month.

4. The audit status should be updated in ALFA Portal on the day of commencement of audit. The Lead Auditor should prepare his/her work plan (except GPs) & submit the same for necessary approval by the DAO/ AO. The party should strictly adhere to the approved work plan while conducting the audit.

5. The weekly diary of the party must be submitted within the scheduled weekly day i.e., by Wednesday of the succeeding week. The submission of weekly diaries are to be monitored both by the DAO/AO and the Programme Auditor and the defaulting audit parties are to be called for explanation. The name(s) of the habitual defaulters are to be brought to the notice of DLFA.
6. The weekly diaries of auditors should be scrutinized regularly by the Programme Section of the District and the diaries of a month should be approved by 15th of the next month without any deviation.
7. The DAOs/AO should ensure that no man days are wasted. There should not be delay in assignment of work to the Audit Personnel by making him/her sit idle.
8. Monthly staff meeting should be conducted in the 1st week of every month positively to discuss the issues on audit related activities. The Minutes of the Meeting should be submitted to the Directorate by 10th of that Month. The issues which could not be resolved at District level may be brought to the notice of DLFA.
9. **Regarding Extension of Man Days for Audit:**
 - No extension of time shall be allowed for completion of audit of institutions for which less than 5 man days (i.e., GPs, Miscellaneous Institutions) per year of Account has been allotted. However, in special circumstances the DAOs/AO may forward the extension proposal to DLFA for consideration & approval thereon.
 - In case of other Institutions, the District Audit Officers/ Audit Officer after due verification, may allow extension of man days up to 5 man days over and above the allotted man days, provided that the extension proposal is submitted in due procedure through ALFA(in due time and with required data) and is genuine. Such cases should not be forwarded to DLFA.

- The proposal requiring more than 5 days, if considered genuine, should be forwarded to the Directorate immediately with the views of DAO/AO through ALFA.

10. The proposal for reshuffle of institutions/ member should be supported with sufficient/ genuine reasons. The DAOs/ AO must mention the above reason in detail in the comment box provided for the said purpose in ALFA portal for further action at DLFA level. In absence of such, the proposal will be rejected.

11. Timeline for Submission/ Review/ Approval of DARs:

Initial Submission by Lead Auditor	Submission by the Reviewer after scrutiny	Re-submission of Report by the Lead Auditor after rectification	Submission of the Rectified Report by the Reviewer to DAO	Transmission of DARs by DAO to the Local Authority for Compliance	Approval of Audit Report by the DAO after conduct of Exit Conference
Within 7 Days of closure of audit	Within 7 Days	Within 05 Days	Within 5 days	Within 3 days	Within 5 Days

12. The Guideline for drafting of reports of PSs, GPs, ULBs and Universities issued vide DLFA Letter No. 4244/ DLFA., Dt. 18.05.2015, 6811/DLFA., Dt. 03.06.2017, 4225/DLFA., Dt. 16.05.2015 & 5833/DLFA., Dt. 24.06.2015 respectively should be followed scrupulously.

N.B. Other mandates to be referred:

- i. Letter No. 4534/ DLFA Dt. 25.05.2015,
- ii. Letter No 7723/DLFA., Dt. 29.06.2016,
- iii. Letter No 6120/ DLFA Dt. 17.05.2017,
- iv. Letter No 6119/ DLFA 17.05.2017,
- v. Letter No 6811/ DLFA Dt. 03.06.2017,

Source: E-library of ALFA portal

13. Audit team shall maintain 'Audit Memo Register' & 'Letter Issue Register' which will be verified by the Reviewing Officer during the course of review & progress review.

14. Non-Production of Records:

- a) The fact of non-production of records by any Auditee Institution(s) on the day of commencement of audit should be immediately intimated to the DAO/ AO concerned
- b) In case of non-production of relevant and essential records during the course of audit, the necessary action under **clause 4.4.9 of OLFA Manual-2014** should be followed.

- **The fact of non-production should be narrated in the Draft Audit Report** attributing the audit remarks on persons considered responsible and the circumstances leading to such non-production.
- The amount of financial transactions **may be quantified and kept under objection** with suggestion to the local authority to produce the same to the next audit without fail.
- If the records which were not produced to the previous audit are produced to the current audit, the same may be scrutinized and necessary audit comment may be offered.
- Where the records are voluminous and requires extra man days, this may be intimated to the DAO/AO for taking necessary action at his/her level.

15. In case the Local Authorities don't cooperate to conduct the Exit Conference on the scheduled day of one-month period of transmission of Draft Audit Report, the DAO/AO shall approve the Audit Report ex-parte under intimation to the local Authority.

16. Misappropriation of Cash / Loss of Stock & Store:

- The cases of detection of misappropriation of any cash/ loss of stock & store should be immediately brought to the notice of Head of the institution. When the amount exceeds Rs.10,000/-, the fact may be intimated through online as provided in ALFA.

- For the purpose of quantifying the amount of misappropriation, the misappropriation of cash & the loss of stock & store should be taken together.
- The report of Auditor should be factual one, representing the modus operandi. No suggestions and remarks except the persons responsible should be reported.
- The Verifying Officer should submit his/her observations including his/her comments on the detection of Auditor in the space allotted for Verifying Officer in ALFA.
- The DAOs/AO shall offer his/her elaborate comments taking into consideration the report of the Auditor & the Verifying Officer in the appropriate space allotted as the "DAO's final Special Report" in ALFA.
- The Misappropriation report should be submitted during the course of audit not after closure of audit. For detail Guideline regarding submission of reports on misappropriation, DLFA Letter No. 1138 /Dtd. 17.03.2022 may be referred to.

For delayed submission, the concerned Audit Personnel shall be taken to task.

The DAOs/AO should ensure that all the cases of misappropriation of cash/ loss of stock & store detected and established must find place in the concerned Approved Audit Report.

This Guideline may be circulated among all the Audit Personnel of your District for the purpose of their sensitization.

Yours faithfully,
Leah
 26/4/23
 Joint Director

Memo No. 2077 //DLFA Date 26-04-2023

Copy to All Sections of DLFA (except Establishment Section) for information and necessary action.

Leah
 26/4/23
 Joint Director